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RUEHDK/AMEMBASSY DAKAR 2618
RUEHKM/AMEMBASSY KAMPALA 3036
RUEHNR/AMEMBASSY NAIROBI 5477
RUEHGV/USMISSION GENEVA 2160
RHEHAAA/NSC WASHDC
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RHEFDIA/DIA WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/USDOC WASHDC

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SIPDIS

AF/S FOR B. WALCH
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR MICHELLE GAVIN
TREASURY FOR D. PETERS
STATE PASS TO USAID FOR LDOBBINS AND JHARMON
COMMERCE FOR BECKY ERKUL

E.O.12958: N/A
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SUBJECT: ZIM NOTES 05-29-09

SUMMARY - Topics of the week

- Post Welcomes CODEL to Zimbabwe
- Gono Retains Backing of Mugabe and Service Chiefs
- ZANU-PF Sets Up Succession Committee
- Msika to Retire?
- AG's Office Still Pursuing Women, and Lawyers, and Journalists (oh my!)
- Free Press Still a Distant Goal
- Pentecostal Pastor Abducted, Then Released
- Land Reform Threatens Conservancy
- Chiadzwa Footage Hits the International News
- Local Pharmaceuticals Firm to Acquire South African Company
- Diamond Mine Re-Capitalizing
- Winter Wheat Crop Hampered by Funding Shortage
- Property Companies Record Increase in Rentals
- Troubled Air Zimbabwe Sends Workers on Forced Leave
- Development Bank of SouthernAfrica in Loan Negotiation with Zimbabwe
- Quote of the Week

On the Political/Social Front

[¶1.](#) Post Welcomes CODEL to Zimbabwe: A Congressional delegation led by Representative Donald Payne (D-NJ) is arriving in Harare this weekend for several days of meetings with senior government officials, the donor community, and civil society and business leaders. Representative Payne is currently the chairman of the House Subcommittee on Africa and Global Health and a past chairman of the Congressional Black Caucus.

[¶2.](#) Gono Retains Backing of Mugabe and Service Chiefs: In the continued struggle over the future of RBZ Governor Gono, Mugabe spoke out in support of his long-time personal banker this week

saying that he wasn't going anywhere. See Harare 447. Vocal support also came from the Service Chiefs, who have benefited from many of Gono's illegal activities, including the farm mechanization scheme that saw high-ranking officers receive free farm inputs and equipment. On May 26, Vice Air Marshal Henry Muchena warned, "If you keep harassing Gono, we will take matters into our own hands."

13. ZANU-PF Sets Up Succession Committee: ZANU-PF spokesman Ephraim Masawi confirmed on May 28 that his party held an extraordinary politburo meeting which created a committee to deal with the controversial issue of who within the party will eventually succeed Mugabe. The committee is led by party chairman John Nkomo and includes rival faction leaders Joyce Mujuru and Emmerson Mnangagwa. Though local political analysts say a successor is unlikely to be named anytime soon, the issue may again rise at this year's December ZANU-PF party congress.

14. Msika to Retire?: According to The Zimbabwe Independent, longtime ZANU-PF fixture, Vice-President Joseph Msika is on the verge of retiring due to deteriorating health and the succession problems within ZANU-PF. However, Mugabe is allegedly reluctant to allow him to retire, preferring to keep him in office for life as happened with Joshua Nkomo and Simon Muzenda.

15. AG's Office Still Pursuing Women, and Lawyers, and Journalists Q5. AG's Office Still Pursuing Women, and Lawyers, and Journalists (oh my!): The Magistrate's Court was busy on Thursday morning with three political cases. 8 alleged WOZA women and two ZLHR lawyers were acquitted on charges of disturbing the peace in February. Separately, magistrate Catherine Chimhanda heard arguments in human rights lawyer Alec Muchadehama's remand hearing for allegedly

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obstructing justice when he secured the release of three of the abductees on bail back in April. He may face trial on June 17. Chimhanda also ruled that the two journalists from The Zimbabwe Independent will stand trial on June 16 for allegedly publishing falsehoods. Recently, Chimhanda has been the designated magistrate in numerous political cases and has consistently sided with the State, leading many to believe her objectivity has been compromised.

16. Free Press Still a Distant Goal: Despite a recent pronouncement by Prime Minister Tsvangirai that foreign and local journalists did not need to possess a registered press card to report in Zimbabwe, on May 23 the ZANU-PF led Ministry of Media, Information and Publicity told all reporters they would be required to apply for press cards from the commission. The cards cost up to 2,000 rand (US\$250) and issuance is not assured.

17. Pentecostal Pastor Abducted, Then Released: A prominent Pentecostal pastor was abducted on May 26 by men in a white vehicle. He was released the next day and remains in hiding. He has been an outspoken supporter of the MDC.

18. Land Reform Threatens Conservancy: ZANU-PF heavyweights in Masvingo are seeking to establish forced partnerships with land owners in the Save Valley Conservancy. The Conservancy is home to 20 percent of Zimbabwe's rhinos. Rhinos have thrived in Zimbabwe's private conservation areas, largely due to the massive private investments made by landowners. See Harare 444.

19. Chiadzwa Footage Hits the International News: A team of Canadian journalists recently visited the diamond fields of Chiadzwa. They interviewed the Minister of Mining, Obert Mpofu, and one of the men who says he helped with the mass grave that the government continues to deny. See the story online: <http://www.cbc.ca/world/story/2009/05/26/zimbabwe-diamonds.html>

Economic and Business News

110. Local Pharmaceuticals Firm to Acquire South African Company: Pharmaceuticals manufacturer CAPS Holdings Ltd is about to acquire

an unnamed South African pharmaceutical company in a share swap deal that will see CAPS issuing new shares for the project. The shares will be registered on the Johannesburg Stock Exchange's Pan African Board.

¶11. Diamond Mine Re-Capitalizing: River Ranch Diamond Mine announced that it will invest US\$15 million in mine development and exploration which will double output from the current 30,000 tons of rock a month to 70,000 tons. The funds will be sourced from shareholders. 20 percent of River Ranch is owned by retired general Solomon Mujuru, who gained his stake at the expense of a local company, Buby Minerals. Buby contested the ownership change but was thwarted by the Zimbabwean courts.

¶12. Winter Wheat Crop Hampered by Funding Shortage: Wheat planting Q12. Winter Wheat Crop Hampered by Funding Shortage: Wheat planting is progressing slowly due to a shortage of funds for inputs. Lack of liquidity in the banking sector is exacerbating the problem. In addition, more farmers are shifting out of wheat and into barley as beverages manufacturer Delta Corporation is providing inputs to farmers to grow barley under contract for beer production.

¶13. Property Companies Record Increase in Rentals: Major property developer Pearl Properties saw a rise in rental yields from 1.21 percent in 2007 to 3.11 percent in 2008 due to an increase in rentals from US\$0.28/m² in 2007 to US\$2.62 in 2008, a development

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also reflected in the interim results of property developer Mashonaland Holdings Ltd. Rentals are believed to be a tenth of those prevailing in the region. Furthermore, they were 67 percent in arrears in the first quarter of 2009, but fell to 40 percent by the end of April.

¶14. Development Bank of Southern Africa in Loan Negotiation with Zimbabwe: The government mouthpiece The Herald reported this week that DBSA is conducting due diligence on two short-term loan packages to Zimbabwe to provide US\$100 million to upgrade infrastructure in the energy, telecommunications and water supply sectors. The report does not make clear whether the loan would be ahead of arrears clearance.

¶15. Troubled Air Zimbabwe Sends Workers on Forced Leave: Struggling with debt since off-budget support from the Reserve Bank dried up earlier this year, Air Zimbabwe is reportedly sending out notices to its workers to take time off at 50 percent of benefits until recall. Workers see the move as the signal of impending layoffs that could target as many as two thirds of the company's 1,400 employees.

¶16. Quote of the Week:

"They have no reason whatsoever to fear anything like that as long as they fear and obey the laws of Zimbabwe."

- Attorney General Johannes Tomana on May 27 speaking in reference to criticism that his office was prosecuting MDC-T MPs in an effort to return control of Parliament to ZANU-PF.

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